

Message Text

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C O N F I D E N T I A L BRASILIA 9629

E.O. 11652: GDS

TAGS: MASS, BR

SUBJECT: BRAZILIAN GOVERNMENT CONCERN OVER PROBLEMS ENCOUNTERED
IN MILITARY EQUIPMENT

REF: STATE 276043

1. OUR READING OF AIDE MEMOIRE TEXT (REFTEL) INDICATES THERE IS SOME CONFUSION IN PARAGRAPH 1 RE GENESIS OF HOWITZER PROBLEM. INFORMATION ON TUBES WAS REQUESTED OCTOBER 15, 1974 BY BRAZILIAN NAVAL COMMISSION IN CONNECTION WITH PURCHASE FOR THE BRAZILIAN MARINE CORPS NOT BY BRAZILIAN MILITARY COMMISSION. TUBES WERE DELIVERED AND NOT ADDRESSED AS A PROBLEM AREA BY GOB IN ITS AIDE MEMOIRE. INCLUSION RE MARINE CORPS HOWITZERS IN TEXT OF OUR REPLY HAS NO BEARING ON CRUX OF PROBLEM AS BRAZILIANS NOW SEE IT: BRAZILIAN MILITARY COMMISSION'S INABILITY TO GET CLEAR AND CONSISTENT PICTURE FROM USG ABOUT COST AND AVAILABILITY OF HOWITZERS FOR THEIR ARMY.

2. WE BELIEVE PARAGRAPH 1 OF AIDE MEMOIRE SHOULD BE REVISED AS FOLLOWS, IN THE INTEREST OF FURNISHING GOB A FULL AND CANDID ACCOUNT OF THE DELAYS:

A. "1. HOWITZERS: IN AUGUST 1974, THE BRAZILIAN ARMY, THROUGH THE U.S. MILITARY GROUP, BRAZIL, INDICATED AN INTENTION TO BUY
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54 M102 (105MM) HOWITZERS, BASED ON AN UNIT PRICE ESTIMATE PRO-

VIDED BY THE DEPARTMENT OF DEFENSE OF \$62,785 (FOR 50 OR MORE HOWITZERS). ALTHOUGH THE BRAZILIAN MILITARY COMMISSION IN WASHINGTON SUBMITTED THE FORMAL REQUEST TO PURCHASE THESE HOWITZERS WITHIN THE PRESCRIBED TIME FRAME, THE ORIGINAL COST ESTIMATED UNFORTUNATELY PROVED TO BE MUCH TOO LOW. BY THE TIME THE DEPARTMENT OF DEFENSE WAS ABLE TO DETERMINE THE CORRECT UNIT PRICE AND TO PROVIDE THE LETTER OF OFFER (DD FORM 1513) IN JUNE 1975, THE FIRM PRICE PER HOWITZER HAD RISEN TO \$96,191.43, WHICH THE BRAZILIAN MILITARY COMMISSION FORMALLY REJECTED IN JULY 1975. ALSO IN JULY 1975, THE DEPARTMENT OF DEFENSE, RESPONDING TO A BRAZILIAN ARMY REQUEST MADE IN JUNE 1975 THROUGH U.S. MILITARY GROUP, BRAZIL, PROVIDED A "PRICE AND AVAILABILITY" ESTIMATE FOR 54 REBUILT M101A1 (105MM) HOWITZERS WITH AN ESTIMATED UNIT PRICE OF \$17,003. IN AUGUST 1975, THE BRAZILIAN MILITARY COMMISSION FORMALLY REQUESTED A "LETTER OF OFFER (DD FORM 1513)" FOR THESE 54 REBUILT M101A1 HOWITZERS. UNFORTUNATELY, BY THAT TIME THE DEPARTMENT OF DEFENSE HAD SUSPENDED ACTION ON ALL REQUESTS FOR THESE WEAPONS, PENDING A COMPLETE REVIEW OF EXISTING SUPPLIES. IN MARCH 1976, FOLLOWING THE COMPLETION OF THIS REVIEW, THE BRAZILIAN GOVERNMENT WAS INFORMED THAT NO 105MM HOWITZERS WERE AVAILABLE EITHER FROM REBUILT STOCKS OR FROM NEW PROCUREMENT. IN APRIL 1976, PARTICIPANTS IN THE US FOREIGN MILITARY SALES PROGRAM WERE NOTIFIED THAT FURTHER REBUILT 105MM HOWITZERS WERE NOT AVAILABLE BUT THAT, ASSUMING SUFFICIENT FOREIGN CUSTOMER DEMAND, THE DEPARTMENT OF DEFENSE WOULD CONSIDER NEW PRODUCTION OF THIS MODEL. THE UNIT COST WAS ESTIMATED AT \$115,000 WITH DELIVERY IN 38 MONTHS. THE PRICE OF THE NEW PRODUCTION WEAPON WAS HIGHER THAN PREVIOUS ESTIMATES FOR NEW STOCKS, DUE PRIMARILY TO THE COST OF TOOLING FOR NEW PRODUCTION FOR THIS RELATIVELY SMALL SCALE RUN. THIS PRICE IS NOT CONSIDERED UNREASONABLE WHEN COMPARED WITH NEW PRODUCTION COSTS OF COMPARABLE WEAPONS. BRAZIL INDICATED THAT IT WANTED TO PURCHASE 36 UNITS FROM THIS NEW PRODUCTION AND A LETTER OF OFFER WAS SENT TO THE BRAZILIAN ARMED FORCES."

3. WOULD APPRECIATE DEPARTMENT'S RESPONSE SOONEST RE SUGGESTED REVISION SO WE MAY PASS AIDE MEMOIRE TO GOB.
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